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To: R. Ferguson Date: Aug. 13, 1992

From: D. Miser

Subject: Operations Support for International Unauthorized Marlboro Study

Objective:

The study is designed to identify the manufacturers of unauthorized product sold as US export. The current magnitude of this problem has yet to be determined. However, projections based on the production from a recently identified manufacturer suggests that this operation alone was responsible for a loss of US production of two billion units/year. Preliminary work suggests that from 5 to 8 such operations have appeared within the last two months. In addition to lost revenue through lost sales, the quality of these unauthorized products is considerably less than that of Marlboro, and thus places the entire franchise at risk through lost customers.

Strategy:

Identification of the producers of unauthorized product will be facilitated by the development of a characteristics database. The database will consist of two types of characteristics; those that are specific to individual factories, and those that are characteristic of the purchasable materials used by these operations.

Tactics:

A. A series of analyses of characteristics will be identified that are to be applied to all incoming samples and input to the database.

B. Protocol will be developed for sample pickup, coding, reporting, and the coordination of efforts between Richmond R&D, FTR-R&D, Luzanne, and the sales force. The analyses to be performed will be divided between Richmond and Europe by mutual agreement.

C. Materials from known suppliers will be obtained and analyzed and the results added to the database.

D. Those characteristics that prove to be the most useful in the identification of unauthorized operations will be determined and subsequent analyses will be restricted to those characteristics.

E. New pickups of unauthorized product will be compared to the database for identification. If these samples prove to be from unknown operations, their data will be entered into the database and the operation will be located through their materials suppliers.

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